

U.S. Department of
Homeland Security

United States
Coast Guard



Commandant
United States Coast Guard

2100 Second Street, S.W.
Washington, DC 20593-0001
Staff Symbol: G-443
Phone: (202) 267-1944
Fax: (202) 267-4219
Email: rfrum@comdt.uscg.mil

5200

MEMORANDUM

MAR 9 2006

From: D. G. GABEL, RADM
COMDT (CG-4)

Reply to: CG-443
Attn of: Russell Frum

To: C. I. Pearson, RADM
CG MLCLANT
J. A. Breckenridge, RMDL
CG MLCAPAC

Subj: ESTABLISHMENT OF SHORE FACILITY ENVIRONMENTAL LIABILITY
POLICY

1. Recent Notification of Findings and Recommendations (NFRs) by the Chief Financial Officer Act audit document the need for improvements in the Coast Guard's environmental liability estimation standards, policies, and procedures.
2. The FY-05 audit resulted in three NFRs with recommendations for resolution. Generally, the NFRs recommend that the Coast Guard implement the following:
 - a) Establish uniform standards for defining, estimating, and managing shore facility environmental liabilities, including lighthouses and small arms firing ranges, and provide training to estimators on the application of those standards.
 - b) Develop and implement policies and procedures to review shore facility project estimates independent of estimates selected for the annual CFO Act Audit.
 - c) Develop and implement policies and procedures for the use of expenditures rather than obligations in determining the financial data recorded in the general ledger.
 - d) Determine and apply appropriate escalation index and contingency factors to shore project estimates.
3. The enclosed Shore Facility Environmental Liability Policy and accompanying forms present a comprehensive approach to establishment of standards, policies, and procedures. This Policy is effective immediately and it is imperative that the Coast Guard implement and follow it in all environmental liability estimates no matter when actual clean up will occur. Internal control procedures established within the policy will be used to monitor the implementation.
4. Resolution of the NFRs is a priority for the Coast Guard. Your support on these procedures is critical to resolving the NFRs in a timely manner. If you have any questions, the POC is Russell Frum, 202-267-1944.

#

Subj: ESTABLISHMENT OF SHORE FACILITY
ENVIRONMENTAL LIABILITY POLICY

5200

Enclosures: (1) Shore Facility Environmental Liability Policy
(2) FY200x Shore Facility Environmental Liability Estimate (ELE) Sheet
(3) Environmental Liability Estimation Checklist/Summary
(4) Estimate Work Sheets

Copy: All CEUs
FDCCs